



October 4, 2011

Council President Peterson, City Council members, and residents of Edmonds;

When I took the oath of office on July 23, 2010; I made a commitment to the people of Edmonds that I would deliver budgets that are balanced, that reflect proactive belt tightening and focused on continuing to deliver the high quality of service that our residents deserve. Our 2011 budget did that and the 2012 budget continues that commitment.

It is a privilege for me to bring you a budget this evening that reflects the values and priorities of our community; safe neighborhoods, clean parks, and an open and transparent government.

Our nation is facing challenging economic times and local governments all across the region are making difficult decisions, making drastic cuts to services, and laying off hundreds of dedicated public employees. I feel fortunate as your mayor that while this great recession continues we have not had to make those drastic cuts because we have acted responsibly.

In 2011, our conservative spending approach coupled with the hiring freeze I implemented lowered our expenses \$200,000 below budget. In addition, we realized \$200,000 more in revenue than projected at the beginning of 2011.

Responsible choices achieve results that keep us ahead!

Today's Challenge

As we approach 2012 our city is at a crossroads. The budget I bring you tonight was balanced carefully, but not without thinking outside of the box. The county has projected our assessed property value will decrease by 10% and our sales tax revenues will show only a modest

rebound. For us to provide the community with the services they deserve I am recommending leaving 3 1/2 positions vacant, a series of reorganizations, and some creative revenue options and expenditure reductions.

Like 2011, I am recommending that we suspend the general fund contribution of \$300,000 to the vehicle replacement fund (511 B fund) during 2012. We are in a position to make all of the 2012 expenditures from the fund including police cars and computers for the police vehicles and still have a fund balance at the end of 2012. In this economic climate and given the health of this fund, this just makes sense.

My proposed budget adds back the police officer position left vacant during the 2011 hiring freeze I demanded. This will keep us at our staffing level of 55 officers, but well below the recommended service level.

A public, transparent, and open government is one of my top priorities. To meet the demand of public record requests and keeping with the goal of an open and transparent government, I am recommending we fill the vacant clerk position with a 1/2 time person, saving the city \$33,000 in salaries and benefits, but still allowing us to move forward with our plan to have an employee solely dedicated to processing public record requests. In 2011, the authorized position in the City Clerk's office was left vacant due to a fragile budget and the hiring freeze I implemented; we simply cannot afford to operate at this level if we are going to serve the public. Having this employee in place will enable us to begin processing requests more effectively by using the latest available technology.

In Development Services, the Director position will remain vacant as well as a Permit Coordinator position. The savings for the city is \$224,000 in salaries and benefits. These vacancies present service challenges and will require doing business a different, but more effective way. I have been working with staff to develop a plan to provide this service with existing employees. As revenues increase and the economy rebounds we will need to consider filling the permit coordinator in order to continue a high level of customer service. It is important to note that in order to function effectively we need a director managing the division.

Our community places a high priority on understanding the financial position of the city with reports that are user friendly. In keeping with the spirit of thinking out of box and not adding additional strain on a budget spread thin, we are reorganizing the Finance Department. As the public demands more information about how their tax dollars are spent, we must respond to this demand. My budget combines both general fund and utility funds to accomplish this task.

Having functional and clean parks is a long standing service we provide to our community. We have implemented programming changes that will generate \$45,000 a year of new revenue increasing our recreation fee structure for non residents, so our own residents pay less than users

from out of town. In addition we have reduced expenditures by \$40,000. These changes will minimize the impacts on our service levels.

I am recommending that we leave a custodian position vacant for 2012, saving the city \$60,000 in salary and benefits. This will mean that our community facilities like the Francis Anderson Center will not be cleaned as often.

Making these changes, we still preserve our reserves at a healthy balance to end 2012; with \$1.3 million in the Public Safety Reserve Fund, \$1.9 million in Emergency Reserve, and \$3.4 million ending balance in the General Fund. In addition, my 2012 budget spends \$43,000 less than it raises in revenue.”

Planning For Tomorrow

While I have delivered a delicately balanced budget this year, it is important to note that in order to sustain our current level of service into the future our city needs additional revenue. We have a legacy of proactive decisions that keep us out of economic disaster. If we are to continue our commitment to public safety, our flower program, senior center, Yost pool, and first class recreation program; we must act now in preparation for the foreseeable economic needs.

The most important step to achieve needed revenue is our commitment to bringing new business to Edmonds. Having a vibrant economy will increase sales tax revenue and reduce the tax burden on home owners.

This year in Edmonds we have over \$16 million in new commercial construction under way. That means over 160 construction jobs have been created by development we have attracted to Edmonds. In addition, some of these businesses will bring new jobs to our city. One such company is Dick’s Drive In. The new Edmonds Dick’s will employ dozens of workers who will earn higher than industry average hourly wages. The new \$6 million 16,000 square foot cancer treatment center adjacent to Swedish Hospital is part of Swedish’s commitment to invest \$150 million in upgrades over the next decade. This expansion will provide long term family wage jobs in our community for many years to come. Other businesses expanding in Edmonds include; Panera Bread, and Columbia State Bank.

In 2009, the council and the community were warned that if new revenue was not generated then drastic reductions in service would be needed. If the voters do not approve the propositions on the ballot this fall and the economy does not rebound, drastic cuts in service will be needed. There is nothing left to trim without further eroding the service levels the community deserves.

As we look to 2012 and beyond it is important for us to not lose sight of the community’s expectations and priorities; public safety, flowers, arts and cultural programs, Yost Pool, the senior center, recreation programs, well maintained parks, safely maintained streets and walkways, and above all a commitment to economic development.

It is my honor to present to you this budget as your mayor. This budget protects our priorities, it's balanced and it's fair.

I want to thank all of the council members and residents who made budget suggestions. The dedicated community members who spent four evenings in August and September provided valuable input this process. We listened and we wrote a budget based on your priorities.

I would especially like to thank our dedicated staff who worked long hours to assist in building this budget.

We look forward to being available to answer questions and participate in your budget discussions.